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QUARTERLY UPDATE:

As our economy grows more volatile, one thing on the minds of professionals is retirement. If iconic corporations are failing, how is an individual supposed to weather the storm? A recent article titled "Optimizing Your Retirement Income: What Works Best and Why" by Christine Fahlund was featured in *The American Association of Individual Investors Journal,* August 2008 edition. In her article, Fahlund suggests that those approaching retirement can improve their financial security through four major decisions: (i) when to stop working; (ii) when to start taking social security; (iii) how to manage withdrawals from savings; and, (iv) how assets are allocated.

What's interesting about this article is how the first two factors (when to stop working and when to start collecting social security) have the greatest impact on improving financial security in retirement. Fahlund demonstrates that by working longer, one not only can continue to contribute earned dollars towards retirement, but also delay dipping into retirement accounts or Social Security. This as it turns out, can have a significant impact upon retirement income. Statistics show that those who work an additional three years (from age 62 to 65) and continue to save 15% of their salary could raise annual retirement income by 22%. Working an additional five years and continuing to save 15% can achieve a 39% increase in annual retirement income.

Despite what investment advisors have been claiming for years, asset allocation is not the solution to the retirement income deficiencies in our country. While it may not seem appealing to work until age seventy, when you break it down as an extra three (or even five) years, it seems much more within reach.

This article's information is notable particularly as Lehman Brothers crumbles and other companies like AIG, Merrill Lynch and Washington Mutual vanish or are taken over. With an uncertain economy, it is even more important than ever that professionals and their clients plan for retirement, save accordingly and, as this article suggests, consider the hard alternative of working longer.

Sincerely,

Steve Walker

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